EIRGENIX INC.

PARENT COMPANY ONLY FINANCIAL

STATEMENTS AND INDEPENDENT AUDITORS'

REPORT

DECEMBER 31, 2022 AND 2021

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of EirGenix Inc.

Opinion

We have audited the accompanying parent company only balance sheets of EirGenix Inc. (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Accuracy of service revenue and authorisation and cooperative development revenue

Description

Refer to Note 4(26) for accounting policy on service revenue and authorisation and cooperative development revenue recognition, Note 5(2) for significant accounting estimates and assumptions, and Note 6(20) for details of operating revenue. The amount of service revenue and authorisation and cooperative development revenue for the year ended December 31, 2022 were NTD 757,680 thousand and NTD 261,876 thousand, respectively.

The Company's service revenue and authorisation and cooperative development revenue primarily arise from offering biopharmaceutical contract development and manufacturing services and authorising intellectual property rights of medicine development to pharmaceutical factory. Revenue is recognised based on the stage of completion at the balance sheet date provided that such transaction amounts can be reliably estimated. Since the information process, recording and maintenance are partially performed manually and the recognition of service revenue and authorisation and cooperative development revenue contains a high degree of uncertainty resulting in a complex calculation process, and revenue recognition is significant to the financial statements, we considered the accuracy of service revenue recognition a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained management's accounting policies on the service revenue and authorisation and cooperative development revenue recognition and confirmed that they are reasonable.

2. Selected samples and examined the contract in order to confirm whether the judgement made by the management was in line with the contract and generally accepted accounting principles..

3. For the performance obligation which was satisfied over time, selected samples and examined each data of contract costs and assessed whether the method and parameters used to measure the completion of performance obligation are reasonable.

4. Recalculated the accuracy of amount recognised as revenue and respective timing of recognition.

Impairment assessment of property, plant and equipment

Description

Refer to Note 4(17) for accounting policy on impairment of non-financial assets, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to property, plant and equipment and Note 6(9) for description of property, plant and equipment.

On December 31, 2022, property, plant and equipment amounted to NTD 2,607,958 thousand, which were constructed to extend the production capacity of GMP. The Company assesses at each balance sheet date the fair value or recoverable value of those assets whether there is any indication that they may be impaired based on internal and external information. Since the impairment indication assessment and information and assumptions used to assess recoverable amount of assets have significant impact to property, plant and equipment, we considered impairment assessment of property, plant and equipment a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Reviewed and assessed the reasonableness of each data in the impairment assessment.
2. Assessed the estimation procedure of future cash flows, and checked whether the cash flows listed in the assessment is consistent with operating plans.
3. Interviewed management to discuss the Company’s operations and reviewed the actual performance of prior years’ operating plans in order to understand the Company’s intention and ability and ascertained whether there was any significant postponement on research and development.
4. Assessed the reasonableness of the significant assumptions adopted in estimating cash flows.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Teng, Sheng-Wei	Yen, Yu-Fang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 10, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

EIRGENIX INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 6,108,994	52	$ 6,619,427	58
1110	Current financial assets at fair value through profit or loss	6(2)	-	-	891	-
1136	Current financial assets at amortised cost	6(3)	1,000,000	9	1,636,640	14
1140	Current contract assets	6(20) and 7	234,399	2	170,597	1
1150	Notes receivable, net	6(4)	-	-	1,139	-
1170	Accounts receivable, net	6(4)	32,782	-	78,474	1
1180	Accounts receivable, net-related parties	7	-	-	546	-
1200	Other receivables		24,944	-	6,818	-
1220	Current income tax assets		5,963	-	1,128	-
130X	Inventories	6(5)	739,463	6	413,712	4
1410	Prepayments	6(6)	122,502	1	105,783	1
1476	Other current financial assets	6(1) and 8	-	-	27,334	-
1479	Other current assets, others		-	-	1,555	-
11XX	**Total current assets**		8,269,047	70	9,064,044	79
	Non-current assets					
1510	Non-current financial assets at fair value through profit or loss	6(2) and 7	61,420	1	-	-
1517	Non-current financial assets at fair value through other comprehensive income	6(7)	279,325	2	11,607	-
1535	Non-current financial assets at amortised cost	6(3) and 8	41,123	-	8,588	-
1550	Investments accounted for using equity method	6(8)	5,200	-	3,289	-
1600	Property, plant and equipment, net	6(9), 7 and 8	2,607,958	22	1,885,858	17
1755	Right-of-use assets	6(10) and 7	325,330	3	296,973	3
1780	Intangible assets	6(11)	28,067	-	19,553	-
1990	Other non-current assets, others	6(9) and 8	214,887	2	146,065	1
15XX	**Total non-current assets**		3,563,310	30	2,371,933	21
1XXX	**Total assets**		$ 11,832,357	100	$ 11,435,977	100

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EIRGENIX INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(20) and 7	$ 150,475	2	$ 223,967	2
2170	Accounts payable		134,607	1	86,456	1
2200	Other payables	6(12)	384,682	3	226,655	2
2220	Other payables - related parties	7	16,397	-	10,796	-
2280	Current lease liabilities	7	26,826	-	18,454	-
2320	Long-term liabilities, current portion	6(13)(14) and 8	-	-	127,070	1
2399	Other current liabilities, others		3,106	-	4,922	-
21XX	**Total current liabilities**		716,093	6	698,320	6
	Non-current liabilities					
2527	Non-current contract liabilities	6(20)	-	-	20,059	-
2540	Long-term borrowings	6(14) and 8	120,460	1	-	-
2570	Deferred tax liabilities	6(26)	874	-	536	-
2580	Non-current lease liabilities	7	311,758	3	288,311	3
2600	Other non-current liabilities, others		294	-	-	-
25XX	**Total non-current liabilities**		433,386	4	308,906	3
2XXX	**Total liabilities**		1,149,479	10	1,007,226	9
	Equity					
	Capital	6(17)				
3110	Common stock		3,043,358	26	3,003,845	26
	Capital reserve	6(18)				
3200	Capital surplus		7,734,141	65	10,475,952	92
	Accumulated deficit	6(19)				
3350	Accumulated deficit		(115,540)	(1)	(2,973,500)	(26)
	Other equity interest					
3400	Other equity interest		20,919	-	(77,546)	(1)
3XXX	**Total equity**		10,682,878	90	10,428,751	91
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 11,832,357	100	$ 11,435,977	100

The accompanying notes are an integral part of these parent company only financial statements.

EIRGENIX INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as loss per share)

	Items	Notes	2022 AMOUNT	2022 %	2021 AMOUNT	2021 %
4000	Operating Revenue	6(20) and 7	$ 1,481,017	100	$ 1,697,359	100
5000	Operating Costs	6(5)(11)(25) and 7	(724,565)	(49)	(604,305)	(35)
5900	Gross Profit		756,452	51	1,093,054	65
	Operating Expenses	6(11)(25) and 7				
6100	Sales and marketing expenses		(51,130)	(4)	(34,034)	(2)
6200	General and administrative expenses		(236,675)	(16)	(223,564)	(13)
6300	Research and development expenses		(802,439)	(54)	(895,285)	(53)
6450	Reversal of credit impairment loss(expected credit impairment loss)	12(2)	392	-	(689)	-
6000	Total operating expenses		(1,089,852)	(74)	(1,153,572)	(68)
6900	Operating Loss		(333,400)	(23)	(60,518)	(3)
	Non-operating Income and Expenses					
7100	Interest income	6(3)(4)(21)	59,584	4	10,366	1
7010	Other income	6(22)	37,644	3	40,195	2
7020	Other gains and losses	6(2)(23)	128,915	9	(12,266)	(1)
7050	Finance costs	6(10)(24) and 7	(9,635)	(1)	(21,116)	(1)
7070	Share of profit of subsidiaries、associates and joint ventures accounted for using equity method	6(8)	1,690	-	947	-
7000	Total non-operating income and expenses		218,198	15	18,126	1
7900	**Loss before Income Tax**		(115,202)	(8)	(42,392)	(2)
7950	Income tax expense	6(26)	(338)	-	(189)	-
8200	**Net Loss**		($ 115,540)	(8)	($ 42,581)	(2)
	Other Comprehensive Income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(7)	$ 59,091	4	$ 5,651	-
8310	Other comprehensive income that will not be reclassified to profit or loss		59,091	4	5,651	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		220	-	(335)	-
8399	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(26)	-	-	19	-
8360	Other comprehensive income that will be reclassified to profit or loss		220	-	(316)	-
8300	**Other Comprehensive Income**		$ 59,311	4	$ 5,335	-
8500	**Total Comprehensive Loss**		($ 56,229)	(4)	($ 37,246)	(2)
	Loss per share (in dollars)	6(27)				
9750	Loss per share (in dollars)		($ 0.38)		($ 0.18)	

The accompanying notes are an integral part of these parent company only financial statements.

EIRGENIX INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

			Capital Reserves							Other equity interest			
	Notes	Common stock	Additional paid-in capital	Donated assets received	Employee stock options	Capital surplus, share options	Restricted stock to employees	Capital surplus, others	Accumulated deficit	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned compensation	Total equity
Year ended December 31, 2021													
Balance at January 1, 2021		$ 2,063,751	$ 2,737,424	$ 2,036	$ 13,798	$ 8,056	$ 52,660	$ -	($ 2,930,919)	$ 79	$ 180	($ 41,448)	$ 1,905,617
Loss for 2021		-	-	-	-	-	-	-	(42,581)	-	-	-	(42,581)
Other comprehensive income(loss)	6(7)	-	-	-	-	-	-	-	-	(316)	5,651	-	5,335
Total comprehensive income(loss)		-	-	-	-	-	-	-	(42,581)	(316)	5,651	-	(37,246)
Issuance of shares	6(17)	900,000	7,329,736	-	-	-	-	-	-	-	-	-	8,229,736
Cash capital increase reserved for employee preemption	6(16)	-	88,335	-	-	-	-	-	-	-	-	-	88,335
Compensation costs of employee stock options	6(16)	-	-	-	29,935	-	-	-	-	-	-	-	29,935
Employee stock options exercised	6(16)(17)	3,865	9,489	-	(1,775)	-	-	-	-	-	-	-	11,579
Issuance of employee restricted stocks	6(16)(17)	9,525	-	-	-	-	67,567	-	-	-	-	(77,092)	-
Redemption of employee restricted stock	6(16)(17)	(4,253)	-	-	-	-	4,253	-	-	-	-	-	-
Compensation costs of employee restricted stocks	6(16)	-	-	-	-	-	-	-	-	-	-	35,400	35,400
Restricted stocks vested		-	9,552	-	-	-	(9,552)	-	-	-	-	-	-
Conversion of convertible bonds	6(13)(17)	30,957	139,027	-	-	(4,589)	-	-	-	-	-	-	165,395
Balance at December 31, 2021		$ 3,003,845	$ 10,313,563	$ 2,036	$ 41,958	$ 3,467	$ 114,928	$ -	($ 2,973,500)	($ 237)	$ 5,831	($ 83,140)	$ 10,428,751
Year ended December 31, 2022													
Balance at January 1, 2022		$ 3,003,845	$ 10,313,563	$ 2,036	$ 41,958	$ 3,467	$ 114,928	$ -	($ 2,973,500)	($ 237)	$ 5,831	($ 83,140)	$ 10,428,751
Loss for 2022		-	-	-	-	-	-	-	(115,540)	-	-	-	(115,540)
Other comprehensive income(loss)	6(7)	-	-	-	-	-	-	-	-	220	59,091	-	59,311
Total comprehensive income(loss)		-	-	-	-	-	-	-	(115,540)	220	59,091	-	(56,229)
Capital surplus used to offset accumulated deficits	6(17)	-	(2,971,464)	(2,036)	-	-	-	-	2,973,500	-	-	-	-
Compensation costs of employee stock options	6(16)	-	-	-	61,651	-	-	871	-	-	-	-	62,522
Employee stock options exercised	6(16)(17)	10,523	26,467	-	(8,320)	-	-	-	-	-	-	-	28,670
Issuance of employee restricted stocks	6(16)(17)	6,318	-	-	-	-	47,318	-	-	-	-	(53,636)	-
Redemption of employee restricted stock	6(16)(17)	(2,260)	-	-	-	-	2,260	-	-	-	-	-	-
Compensation costs of employee restricted stocks	6(16)	-	-	-	-	-	-	-	-	-	-	92,790	92,790
Restricted stocks vested		-	59,358	-	-	-	(59,358)	-	-	-	-	-	-
Conversion of convertible bonds	6(13)(17)	24,932	104,904	-	-	(3,462)	-	-	-	-	-	-	126,374
Pay off convertible bonds		-	-	-	-	(5)	-	5	-	-	-	-	-
Balance at December 31, 2022		$ 3,043,358	$ 7,532,828	$ -	$ 95,289	$ -	$ 105,148	$ 876	($ 115,540)	($ 17)	$ 64,922	($ 43,986)	$ 10,682,878

The accompanying notes are an integral part of these parent company only financial statements.

EIRGENIX INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 115,202)	($ 42,392)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(9)(10)(25)	187,987	166,572
Amortization expense	6(11)(25)	16,184	16,304
Net profit on financial assets or liabilities at fair value	6(2)(23)	(2,863)	(1,937)
Interest expense	6(24)	9,635	21,116
Interest income	6(21)	(59,584)	(10,366)
Share-based payments	6(16)(25)	155,312	153,670
Loss on redemption of convertible bonds	6(23)	3	-
Share of loss of subsidiaries associates and joint ventures accounted for using equity method	6(8)	(1,690)	(947)
Reversal of credit impairment loss(expected credit impairment loss)	12(2)	(392)	689
Loss on lease modification	6(10)(23)	709	-
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		(63,802)	(37,559)
Notes receivable, net		1,139	19,913
Accounts receivable, net		46,084	(6,631)
Accounts receivable,net-related parties		546	(546)
Other receivables		(13,793)	(2,887)
Inventories		(324,025)	(252,780)
Prepayments		(16,719)	(21,654)
Other current assets		1,555	(1,026)
Changes in operating liabilities			
Contract liabilities		(93,551)	(29,776)
Accounts payable		48,151	45,295
Other payables		19,212	(42,174)
Other payables - related parties		5,601	4,142
Other current liabilities, others		(1,816)	(3,662)
Cash outflow generated from operations		(201,319)	(26,636)
Interest received		55,232	9,549
Interest paid		(9,314)	(18,464)
Income tax refund		-	77
Income tax paid		(4,835)	(898)
Net cash flows used in operating activities		(160,236)	(36,372)

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EIRGENIX INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		($ 1,032,516)	($ 1,522,782)
Proceeds from disposal of financial assets at amortised cost		1,636,640	-
Acquisition of property, plant and equipment	6(28)	(345,548)	(165,927)
Acquisition of intangible assets	6(11)	(8,652)	(3,017)
Decrease(increase) in refundable deposits(shown as other non-current assets, others)		(778)	958
Decrease in other financial assets		27,334	3,266
Acquisition of financial assets at fair value through other comprehensive income	6(7)	(208,627)	-
Acquisition of financial assets at fair value through profit or loss	6(2) and 7	(58,390)	-
Increase in other non-current assets		(465,226)	(68,222)
Increase in prepayments for investments		(20,000)	-
Net cash flows used in investing activities		(475,763)	(1,755,724)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of bonds	6(13)(29)	(200)	-
Proceeds from long-term borrowings	6(29)	120,460	37,160
Repayments of long-term borrowings	6(29)	-	(755,174)
Increase in guarantee deposits received(shown as other non-current liabilities)	6(29)	294	-
Repayments of lease principal	6(10)(29)	(23,657)	(17,734)
Issuance of common stocks		-	8,229,736
Employee stock options exercised		28,669	11,579
Net cash flows from financing activities		125,566	7,505,567
Net (decrease) increase in cash and cash equivalents		(510,433)	5,713,471
Cash and cash equivalents at beginning of year		6,619,427	905,956
Cash and cash equivalents at end of year		$ 6,108,994	$ 6,619,427

The accompanying notes are an integral part of these parent company only financial statements.

EIRGENIX INC.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

(1) EirGenix, Inc. (hereinafter referred to as the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in December 2012. In April 2013, the Company obtained all key technologies from the biopharmaceutical pilot plant originally owned by the Development Center for Biotechnology, including its complete core competencies. The Company is primarily engaged in the research and development of biosimilars and new drugs, as well as biopharmaceutical contract development and manufacturing services, which included cell line construction platforms, process development platforms, analytical science and protein identification. Furthermore, EirGenix has two cGMP facilities certified by the Taiwan Food and Drugs Administration (TFDA), one for mammalian cells and one for microbial, to provide clinical trial drug production.

(2) The shares of the Company have been listed on the Taipei Exchange since June 28, 2019.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 10, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 37, 'Onerous contracts— cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

B. The preparation of parent company only financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the subsidiaries, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(7) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through profit or loss and financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(13) Investments accounted for using equity method - subsidiaries

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company recognise loss continuously in proportion to its ownership.

D. In accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the profit or loss and other comprehensive income or loss presented on the parent company only financial statements are consistent with those presented on the parent company only financial statements. In addition, owner's equity presented on the parent company only financial statements is consistent with equity attributable to owners of parent presented on the consolidated financial statements.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Machinery and equipment	2 ~ 10 years
Office equipment	2 ~ 10 years
Buildings and structures	5 ~ 20 years
Leasehold improvements	3 ~ 20 years
Other equipment	3 ~ 10 years

(15) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable; and

(b) Variable lease payments that depend on an index or a rate.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(16) Intangible assets

The Company's accounting policies on intangible assets are summarised below:

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.

B. Professional expertise

Professional expertise is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 10 years.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is amortised over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(19) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services.

B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the amounts resolved by the shareholders and the actual amounts subsequently distributed is accounted for as changes in estimates.

(23) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity.The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

(b) The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are not required to return the dividends received if they resign during the vesting period.

(c) For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, they are considered not meeting the vesting condition from the date of resignation and the Company will redeem and retire those stocks at the initial issuance price.

(24) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) Revenue recognition

A. Service revenue

(a) The Company provides biopharmaceutical contract testing and development services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost relative to the total expected cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(b) The Company’s estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

B. Sales revenue

The Company sells self-developed products. Sales are recognised when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

C. Authorisation and cooperative development revenue

(a) The Company’s authorisation and cooperative development transactions mainly arise from authorising intellectual property rights of pharmaceutical products to pharmaceutical factories. Although the Company will continuously provide research and development services on the pharmaceutical products, pharmaceutical factories can access the research and development outcome at any time. Based on the Company’s assessment, the Company uses its special technologies in manufacturing pharmaceutical cell lines, which are unique so that pharmaceutical factories would have difficulty finding another similar service provider who offers the same services in terms of the subsequent research and development on the authorised pharmaceutical products. The authorisation and subsequent research and development services provided by the Company are bonded and highly interrelated, which does not meet the criteria of being distinct, and hence are accounted for as a single performance obligation to be delivered over time. Pharmaceutical factories pay a non-refundable up-front payment upon signing of the contracts, and make milestone payments upon each milestone achieved. The transaction prices, net of variable considerations that are not highly probable to be realised, are recognised as revenue based on the progress of performance obligations that are satisfied over time. The aforementioned stage of completion is determined based on the ratio of the actual research and development costs incurred at the end of the reporting period to the estimated total research and development costs for the authorisation contracts. The Company uses input method to measure progress towards the satisfaction of a performance obligation as there is a direct relationship between the transfer of control of services to customers and the Company's inputs, including costs of contract research and development services, contract manufacturing services and medicines. Revenue is only recognised when it is highly probable that a significant reversal will not occur. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. A contract liability recognised as revenue through the performance obligation is satisfied over time.

(b) The Company also entered into contracts with pharmaceutical factories, whereby the Company is entitled to a sales-based royalty in exchange for a license of manufacturing and the right to sell pharmaceutical products. In accordance with the contracts, the Company will not undertake any activities that will significantly affect the intellectual property to which the customer has rights. The Company recognises revenue at the later of when the performance obligation has been satisfied and the subsequent transfer of control or sale occurs.

(27) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Impairment on property, plant and equipment

(a) The Company assesses impairment based on its internal and external information and industry characteristics and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

(b) As of December 31, 2022, the carrying amount of property, plant and equipment was $2,607,958.

B. Recognition of service revenue and authorisation and cooperative development revenue

(a) Service revenue and authorisation and cooperative development revenue are recognised based on the stage of completion. The Company sets the key assumption factors for estimating total future cost based on the past operating experience, and regularly reviews and assesses the reasonableness of the basis for relevant assumptions.

(b) For the year ended December 31, 2022, the service revenue and authorisation and cooperative development revenue amounted to $757,680 and $261,876, respectively.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022		December 31, 2021	
Cash on hand and petty cash	$	61	$	51
Demand deposits		738,882		5,422,756
Time deposits		5,370,051		1,196,620
	$	6,108,994	$	6,619,427

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company classified restricted cash and cash equivalents amounting to $0 and $27,334 as other current financial assets as of December 31, 2022 and 2021. Please refer to Note 8.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Call options and Put options of convertible bonds	$ -	$ 362
Valuation adjustment	-	529
	$ -	$ 891
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Profit-sharing investment in new drug development	$ 58,390	$ -
Valuation adjustment	3,030	-
	$ 61,420	$ -

A. The Company recognised net gains amounting to $2,863 and $1,937 on financial assets at fair value through profit or loss for the years ended December 31, 2022 and 2021, respectively.

B. On April 18, 2022, the Company entered into a new drug development profit-sharing agreement for TSY-0110 (EG12043) (the "Product") with FORMOSA PHARMACEUTICALS, INC. to replace the original development and manufacturing related cooperation agreement. Raw materials for the product development stage were provided by the Company at a reasonable market price, and FORMOSA PHARMACEUTICALS, INC. was responsible for the research and development of the product, and the implementation of the production and manufacturing of the product after completing the development of the product. Either party may commercialize this product in the global market, and each party is entitled to receive 50% licensing interest in any future revenue or interest derived from the development and commercialization of the product. Under the aforementioned agreement, the Company paid a consideration amounting to US$30,000 thousand for the licensing interest, which will be paid in accordance with the agreement and the development schedule. As of December 31, 2022, the Company had paid US$2,000 thousand.

C. Details of the terms of the first domestic secured convertible bonds issued by the Company are provided in Note 6(13).

(3) Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Current items:		
Time deposits (Note)	$ 1,000,000	$ 1,636,640
Non-current items:		
Government bonds	$ 32,452	$ -
Pledged time deposits	8,671	8,588
	$ 41,123	$ 8,588

Note: The deposit period for time deposits ranges between three months and a year.

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31	
	2022	2021
Interest income	$ 1,722	$ 1,260

B. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposits and government bonds are financial institutions and governments with high credit quality, so the Company expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ -	$ 1,139
Accounts receivable	$ 33,079	$ 79,163
Less: Allowance for uncollectible accounts	(297)	(689)
	$ 32,782	$ 78,474

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2022				December 31, 2021			
	Notes receivable		Accounts receivable		Notes receivable		Accounts receivable	
Not past due	$	32,782	$	-	$	72,291	$	1,139
Up to 30 days past due		-		-		2,454		-
31 to 90 days past due		-		-		-		-
91 to 180 days past due		-		-		4,418		-
Over 181 days past due		297		-		-		-
	$	33,079	$	-	$	79,163	$	1,139

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. Also, as of January 1, 2021, the balance of receivables from contracts with customers amounted to $93,584.

C. For the years ended December 31, 2022 and 2021, the interest income is recognised in profit or loss of $0 and $342, respectively.

D. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes and accounts receivable (including related parties) held by the Company was $32,782 and $80,159, respectively.

E. The Company did not hold any collateral.

F. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 377,424	($ 18,327)	$ 359,097
Work in progress	281,739	-	281,739
Finished goods	98,150	-	98,150
Merchandise inventory	477	-	477
	$ 757,790	($ 18,327)	$ 739,463

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 338,034	($ 17,315)	$ 320,719
Work in progress	52,374	-	52,374
Finished goods	37,569	-	37,569
Merchandise inventory	3,050	-	3,050
	$ 431,027	($ 17,315)	$ 413,712

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2022	2021
Cost of goods used	$ 199,628	$ 143,605
Cost of goods sold	138,672	38,422
Loss on decline in market value	1,012	6,878
Loss (gain) on physical inventory	34	(90)
	$ 339,346	$ 188,815

(6) Prepayments

	December 31, 2022	December 31, 2021
Office supplies	$ 9,009	$ 12,935
Prepayments for contracted research expense	11,310	12,972
Excess business tax paid (or Net Input VAT)	6,106	1,877
Prepayments to suppliers	50,100	48,871
Prepayment for guarantee deposits and handling fee	-	1,606
Other prepaid expenses	45,977	27,522
	$ 122,502	$ 105,783

(7) Financial assets at fair value through other comprehensive income

Items	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Unlisted stocks	$ 214,403	$ 5,776
Valuation adjustment	64,922	5,831
	$ 279,325	$ 11,607

A. The Company has elected to classify shares that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $279,325 and $11,607 as at December 31, 2022 and 2021, respectively.

B. The Company acquired equity instruments amounting to $208,627 for the year ended December 31, 2022.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31	
	2022	2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 59,091	$ 5,651

(8) Investments accounted for using equity method

	December 31, 2022	December 31, 2021
Subsidiary:		
EirGenix Europe GmbH	$ 5,200	$ 3,289

A. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2022 for the information regarding the Company's subsidiaries.

B. Share of profit of subsidiaries, associates and joint ventures accounted for using equity method is as follows:

	Year ended December 31	
	2022	2021
Subsidiary:		
EirGenix Europe GmbH	$ 1,690	$ 947

(9) Property, plant and equipment

	2022							
	Machinery and equipment	Office equipment	Buildings and structures	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total	Prepayments for business facilities (shown as other non-current assets, others)
At January 1								
Cost	$ 813,793	$ 67,037	$ 1,295,911	$ 24,495	$ 26,524	$ 103,265	$ 2,331,025	$ 65,456
Accumulated depreciation	(239,109)	(23,995)	(164,219)	(8,974)	(8,870)	-	(445,167)	-
	$ 574,684	$ 43,042	$ 1,131,692	$ 15,521	$ 17,654	$ 103,265	$ 1,885,858	$ 65,456
Opening net book amount as at January 1	$ 574,684	$ 43,042	$ 1,131,692	$ 15,521	$ 17,654	$ 103,265	$ 1,885,858	$ 65,456
Additions	92,578	8,619	76,679	21,101	6,516	278,775	484,268	433,952
Reclassifications	7,701	-	61,890	-	-	(69,591)	-	-
Transfers from other non-current assets	69,453	862	-	-	405	330,415	401,135	(401,135)
Depreciation charge	(80,909)	(8,218)	(64,844)	(3,168)	(4,438)	-	(161,577)	-
Reclassified to inventories	(1,726)	-	-	-	-	-	(1,726)	-
Closing net book amount as at December 31	$ 661,781	$ 44,305	$ 1,205,417	$ 33,454	$ 20,137	$ 642,864	$ 2,607,958	$ 98,273
At December 31								
Cost	$ 978,923	$ 74,309	$ 1,434,479	$ 45,596	$ 32,925	$ 642,864	$ 3,209,096	$ 98,273
Accumulated depreciation	(317,142)	(30,004)	(229,062)	(12,142)	(12,788)	-	(601,138)	-
	$ 661,781	$ 44,305	$ 1,205,417	$ 33,454	$ 20,137	$ 642,864	$ 2,607,958	$ 98,273

	2021							
	Machinery and equipment	Office equipment	Buildings and structures	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total	Prepayments for business facilities (shown as other non-current assets, others)
At January 1								
Cost	$ 723,658	$ 63,999	$ 1,290,377	$ 23,263	$ 22,469	$ 28,246	$ 2,152,012	$ 12,063
Accumulated depreciation	(168,970)	(17,622)	(102,463)	(6,340)	(5,292)	-	(300,687)	-
	$ 554,688	$ 46,377	$ 1,187,914	$ 16,923	$ 17,177	$ 28,246	$ 1,851,325	$ 12,063
Opening net book amount as at January 1	$ 554,688	$ 46,377	$ 1,187,914	$ 16,923	$ 17,177	$ 28,246	$ 1,851,325	$ 12,063
Additions	86,102	3,882	2,685	1,232	4,089	71,716	169,706	64,154
Reclassifications	2,423	-	2,547	-	-	(4,970)	-	-
Transfers from other non-current assets	2,186	-	302	-	-	8,273	10,761	(10,761)
Depreciation charge	(70,715)	(7,217)	(61,756)	(2,634)	(3,612)	-	(145,934)	-
Closing net book amount as at December 31	$ 574,684	$ 43,042	$ 1,131,692	$ 15,521	$ 17,654	$ 103,265	$ 1,885,858	$ 65,456
At December 31								
Cost	$ 813,793	$ 67,037	$ 1,295,911	$ 24,495	$ 26,524	$ 103,265	$ 2,331,025	$ 65,456
Accumulated depreciation	(239,109)	(23,995)	(164,219)	(8,974)	(8,870)	-	(445,167)	-
	$ 574,684	$ 43,042	$ 1,131,692	$ 15,521	$ 17,654	$ 103,265	$ 1,885,858	$ 65,456

Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(10) Leasing arrangements - lessee

A. The Company leases various assets including land, buildings, machinery and equipment, multifunction printers and business vehicles. Rental contracts are typically made for periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise of certain offices, dormitories, business vehicles and warehouses. Low-value assets comprise multifunction printers.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2022		December 31, 2021	
	Carrying amount		Carrying amount	
Land	$	202,395	$	174,445
Buildings		84,030		80,222
Machinery and equipment		35,305		37,359
Transportation equipment (Business vehicles)		2,584		4,223
Office equipment (Multifunction printers)		1,016		724
	$	325,330	$	296,973

	Year ended December 31			
	2022		2021	
	Depreciation expense		Depreciation expense	
Land	$	14,543	$	11,560
Buildings		7,521		5,229
Machinery and equipment		2,310		2,299
Transportation equipment (Business vehicles)		1,640		1,188
Office equipment (Multifunction printers)		396		362
	$	26,410	$	20,638

D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $54,767 and $2,949, respectively.

The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 8,204	$ 7,723
Expense on short-term lease contracts	11,889	8,476
Expense on leases of low-value assets	376	364
Loss on lease modification	709	-

F. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were $44,126 and $34,297, respectively.

(11) Intangible assets

	2022		
	Software	Professional expertise	Total
At January 1			
Cost	$ 21,153	$ 107,953	$ 129,106
Accumulated amortisation	(16,438)	(93,115)	(109,553)
	$ 4,715	$ 14,838	$ 19,553
Opening net book amount as at January 1	$ 4,715	$ 14,838	$ 19,553
Additions	8,652	-	8,652
Transfers(Note)	16,046	-	16,046
Amortisation charge	(5,240)	(10,944)	(16,184)
Closing net book amount as at December 31	$ 24,173	$ 3,894	$ 28,067
At December 31			
Cost	$ 45,851	$ 107,953	$ 153,804
Accumulated amortisation	(21,678)	(104,059)	(125,737)
	$ 24,173	$ 3,894	$ 28,067

Note:Transfers pertain to the assets transferred from prepaid intangible assets (shown as "other non-current assets, others).

	2021		
	Software	Professional expertise	Total
At January 1			
Cost	$ 18,415	$ 107,674	$ 126,089
Accumulated amortisation	(11,127)	(82,122)	(93,249)
	$ 7,288	$ 25,552	$ 32,840
Opening net book amount as at January 1	$ 7,288	$ 25,552	$ 32,840
Additions	2,738	279	3,017
Amortisation charge	(5,311)	(10,993)	(16,304)
Closing net book amount as at December 31	$ 4,715	$ 14,838	$ 19,553
At December 31			
Cost	$ 21,153	$ 107,953	$ 129,106
Accumulated amortisation	(16,438)	(93,115)	(109,553)
	$ 4,715	$ 14,838	$ 19,553

A. Details of amortisation on intangible assets are as follows:

	Year ended December 31	
	2022	2021
Operating costs	$ 10,456	$ 9,271
Administrative expenses	1,005	1,242
Research and development expenses	4,705	5,791
Selling expenses	18	-
	$ 16,184	$ 16,304

B. The basic information of the professional expertise that is material to the Company is as follows:

(a) In April 2013, the Company acquired professional expertise, including cell line establishment, process development, process optimisation, analytical method development and validation, product qualification, GMP manufacturing and stability test, etc., amounting to $92,483 from the Development Center for Biotechnology - cGMP biopharmaceutical pilot plant facility.

(b) In July 2013, the Company acquired professional expertise of Herceptin from FORMOSA PHARMACEUTICALS, INC. amounting to $7,143.

(c) In July 2013, the Company acquired commercial authorisation of recombinant protein cell line from Life Technologies Corporation amounting to $7,485.

(12) Other payables

	December 31, 2022	December 31, 2021
Payable on equipment	$ 158,228	$ 19,508
Salary and bonus payable	87,593	69,981
Service expense payable	51,108	57,660
Payable on consumables	25,012	25,831
Payable on repairs and maintenance expense	19,732	17,136
Others	43,009	36,539
	$ 384,682	$ 226,655

(13) Bonds payable

	December 31, 2022	December 31, 2021
Bonds payable	$ -	$ 129,100
Less: Discount on bonds payable	-	(2,030)
	-	127,070
Less: Current portion or exercise of put options	-	(127,070)
	$ -	$ -

A. The terms of the 1st domestic secured convertible bonds issued by the Company are as follows:

(a) The Company issued $300,000, 0% 1st domestic secured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (May 29, 2020 ~ May 29, 2023), will be redeemed in cash at face value at the maturity date and are guaranteed by Taichung Commercial Bank, Linkou Branch. The bonds were listed on the Taipei Exchange on May 29, 2020.

(b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model specified in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted. The conversion price was reset at NTD 51.7 (in dollars) effective November 30, 2021.

(d) The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value plus 100% of the face value as interests (yields 0% per annum) upon two years from the issue date.

(e) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.

(f) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to $8,056 were separated from the liability component and were recognised in 'capital surplus - share options' in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation was 0.82%.

C. As of December 31, 2022, the bonds totaling $299,800 (face value) had been converted into 5,589 thousand shares of common stock, and the bonds were repurchased at the face value amounting to $200.

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Credit borrowings	Borrowing period is from February 15, 2022 to February 15, 2027; interest is payable monthly; principal is payable on the 15th of every month from March 2025	1.3500% ~1.8250%	None	$ 39,560
"	Borrowing period is from June 30, 2022 to February 15, 2027; interest is payable monthly; principal is payable on the 15th of every month from March 2025	1.4750% ~1.8250%	"	80,900
				$ 120,460

A. Information on the Company's undrawn borrowing facilities is provided in Note 12(2) C.

B. On May 6, 2020, the Company entered into a $1,050,000 syndicated loan agreement with 6 banks including Taiwan Business Bank to ensure it has sufficient cash to support its research and development expenditures through drawing the credit limit of $281,800 circularly, upon repaying the existing syndicated loan and purchasing the new machinery and equipment as well as auxiliary equipment. Subsequently, the Company settled the long-term borrowings in advance in December 2021.

C. On December 23, 2021, the Company entered into a $714,000 syndicated loan agreement with Hua Nan Commercial Bank Ltd. and the government will subsidize 0.5% handling fee of the bank for the Company's compliance with the "Action Plan for Accelerated Investment by Domestic Corporations".

D. Information about assets pledged as collateral for long-term borrowings is provided in Note 8.

(15) Pensions

A. The Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount not lower than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021, were $16,051 and $11,591, respectively.

(16) Share-based payment

A. For the years ended December 31, 2022 and 2021, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions
Employee stock options - B	2015. 07. 01	1,270	10 years	1 to 4 years' service
"	2015. 07. 01	130	"	"
"	2015. 07. 06	250	"	"
"	2015. 10. 29	80	"	"
"	2016. 01. 01	270	"	"
Employee stock options - C	2016. 05. 05	100	10 years	2 to 4 years' service
Employee stock options - D	2016.10. 12	515	10 years	2 to 4 years' service
"	2016.12. 29	85	"	"
Employee stock options - E	2017.08. 08	395	10 years	2 to 4 years' service
"	2017.12. 27	570	"	"
"	2018.03. 23	175	"	"
Employee stock soptions - F	2019. 01. 25	520	10 years	2 to 4 years' service
"	2019. 05. 13	285	"	"
Restricted stocks to employees - A	2016.11. 18	1,660	N/A	Conditions of service years and performance
"	2017. 08. 08	257	"	"
Employee stock options - G	2019. 11. 12	960	10 years	2 to 4 years' service
"	2020. 04. 15	775	"	"
"	2020. 08. 12	205	"	"
Restricted stocks to employees - B	2020. 05. 13	455	N/A	0.25 to 3 years' service
"	2020. 12. 10	144	"	"
Restricted stocks to employees - D	2020. 08. 14	905	N/A	Performance conditions
"	2020. 12. 10	94	"	"

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions
Employee stock options - H	2020. 12. 23	830	10 years	2 to 4 years' service
"	2021. 05.12	315	"	"
"	2021. 08.12	505	"	"
"	2021. 10.01	1,185	"	"
Cash capital increase reserved for employee preemption	2021. 04.06	3,211	N/A	Vested immediately
Restricted stocks to employees - E	2021. 10.15	613	N/A	Performance conditions
"	2022.01.10	184	"	"
"	2022.09.08	190	"	"
Restricted stocks to employees - F	2021. 10.15	340	N/A	Performance conditions
Employee stock options - I	2022.03.22	160	10 years	2 to 4 years' service
"	2022.05.12	225	"	"
"	2022.08.11	685	"	"
"	2022.09.08	510	"	"
"	2022.11.08	615	"	"
Restricted stocks to employees - G	2022.09.08	63	N/A	Performance conditions
"	2022.11.08	195	"	"

(a) The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. If employees resign during the vesting period, they are considered not meeting the vesting condition from the date of resignation and the Company will redeem and retire those stocks at the initial issuance price, but employees are not required to return the dividends received.

(b) The abovementioned share-based payment arrangements are equity-settled.

B. Details of the share-based payment arrangements are as follows:

(a) Employee stock options

	2022		2021	
	No. of options (shares in thousands)	Weighted-average exercise price (in dollars)	No. of options (shares in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	5,282	$15~146.4	4,210	$15~57.8
Options granted	2,195	71.6~118.5	2,005	124~154.5
Options forfeited	(759)	25.2~146.4	(546)	15~135.5
Options exercised	(1,052)	15~51.2	(387)	15~39.6
Options outstanding at December 31	5,666	15~146.4	5,282	15~146.4
Options exercisable at December 31	1,238		1,503	

(b) Restricted stocks to employees

	2022	2021
	(shares in thousands)	(shares in thousands)
Stocks outstanding at January 1	2,869	2,629
Stocks granted	632	953
Stocks vested	(704)	(287)
Stocks retired	(226)	(426)
Stocks outstanding at December 31	2,571	2,869

C. The weighted-average stock prices of stock options at exercise dates for the years ended December 31, 2022 and 2021 were $99.8 (in dollars) and $132.5 (in dollars), respectively.

D. The expiry date and exercise price of stock options outstanding at the balance sheet dates are as follows:

			December 31, 2022		December 31, 2021	
Type of arrangement	Issue date approved	Expiry date	No. of shares (shares in thousands)	Exercise price (in dollars)	No. of shares (shares in thousands)	Exercise price (in dollars)
Employee stock options - B	2015. 07. 01	2025. 06. 30	140	$ 15	208	$ 15
"	2015. 07. 01	2025. 06. 30	20	20	20	20
"	2015. 07. 06	2025. 07. 05	25	20	67	20
"	2015. 10. 29	2025. 10. 28	-	20	7	20
"	2016. 01. 01	2025. 12. 31	25	20	29	20
Employee stock options - C	2016. 05. 05	2026. 05. 04	10	29.2	35	29.2
Employee stock options - D	2016. 10. 12	2026. 10. 11	180	29.2	280	29.2
"	2016. 12. 29	2026. 12. 28	15	37.5	22	37.5
Employee stock options - E	2017. 08. 08	2027. 08. 07	18	29.2	137	29.2
"	2017. 12. 27	2027. 12. 26	112	25	246	25
"	2018. 03. 23	2028. 03. 22	52	23.5	81	23.5
Employee stock options - F	2019. 01. 25	2029. 01. 24	103	28.7	182	28.7
"	2019. 05. 13	2029. 05. 12	141	34.3	203	34.3
Employee stock options - G	2019. 11. 12	2029. 11. 11	325	25.2	545	25.2
"	2020. 04. 15	2030. 04. 14	175	28.8	450	28.8
"	2020. 08. 12	2030. 08. 11	140	51.2	170	51.2

Type of arrangement	Issue date approved	Expiry date	December 31, 2022 No. of shares (shares in thousands)	December 31, 2022 Exercise price (in dollars)	December 31, 2021 No. of shares (shares in thousands)	December 31, 2021 Exercise price (in dollars)
Employee stock options - H	2020. 12. 23	2030. 12. 22	515	$ 42.1	700	$ 42.1
"	2021. 05. 12	2031. 05. 11	235	146.4	315	146.4
"	2021. 08. 12	2031. 08. 11	305	128.4	485	128.4
"	2021. 10. 01	2031. 09. 30	990	117.5	1,100	117.5
Employee stock options - I	2022. 03. 22	2032 .03. 21	145	93.5	-	-
"	2022. 05. 12	2032. 05. 11	225	71.6	-	-
"	2022. 08. 11	2032. 08. 10	645	85.9	-	-
"	2022. 09. 08	2032. 09. 07	510	118.5	-	-
"	2022. 11. 08	2032. 11. 07	615	103.5	-	-

E. The fair value of stock options granted is measured using the Black-Scholes option-pricing model to estimate the fair value of employee stock options, cash capital increase reserved for employee preemption and restricted stocks to employees. Relevant information is as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options - B	2015. 07. 01	1,270	$ 14.88	$ 15	36.58~ 37.13%	5.5 ~ 7 years	1.15~ 1.35%	$5.22 ~ 6.01
"	2015. 07. 01	130	14.88	20	36.58~ 37.13%	5.5 ~ 7 years	1.15~ 1.35%	3.83~ 4.69
"	2015. 07. 06	250	14.60	20	37.09~ 37.64%	5.5 ~ 7 years	1.15~ 1.35%	3.75~ 4.60
"	2015. 10. 29	80	15.83	20	38.62~ 38.95%	5.5 ~ 7 years	0.94~ 1.07%	4.62 ~ 5.48
"	2016. 01. 01	270	16.03	20	40.11~ 40.30%	5.5 ~ 7 years	0.79~ 0.90%	4.91~ 5.76
Employee stock options - C	2016. 05. 05	100	13.27	29.2	40.75~ 40.91%	6 ~ 7 years	0.70~ 0.77%	1.86 ~ 2.30
Employee stock options - D	2016. 10. 12	515	21.42	29.2	39.82~ 39.91%	6 ~ 7 years	0.71~ 0.75%	5.19~ 5.93
"	2016. 12. 29	85	20.40	37.5	39.39~ 39.48%	6 ~ 7 years	1.16~ 1.20%	3.49~ 4.18
Employee stock options - E	2017. 08. 08	395	18.75	29.2	38.13~ 38.22%	6 ~ 7 years	0.82~ 0.88%	3.64~ 4.23
"	2017. 12. 27	570	18.07	25	36.97~ 37.23%	6 ~ 7 years	0.74~ 0.80%	3.81~ 4.41
"	2018. 03. 23	175	19.16	23.5	36.87~ 37.17%	6 ~ 7 years	0.79~ 0.84%	4.71 ~ 5.38
Employee stock options - F	2019. 01. 25	520	21.96	28.7	36.03~ 36.90%	6 ~ 7 years	0.72~ 0.78%	4.85~ 5.74
"	2019. 05. 13	285	25.75	34.3	35.50%~ 36.35%	6 ~ 7 years	0.64~ 0.67%	5.39 ~ 6.40
Restricted stocks to employees - A	2016. 11. 18	1,660	22.88	-	-	-	-	22.88
"	2017. 08. 08	257	19.61	-	-	-	-	19.61
Employee stock options - G	2019. 11. 12	960	29.05	25.2	26.38%	6 ~ 7 years	0.63~ 0.66%	7.77 ~ 8.42
"	2020. 04. 15	775	33.1	28.8	50.33%	6 ~ 7 years	0.47~ 0.49%	15.56 ~ 16.65
"	2020. 08. 12	205	57.80	51.2	64.08%	6 ~ 7 years	0.36~ 0.38%	33.07 ~ 35.18
Restricted stocks to employees - B	2020. 05. 13	455	46.85	-	-	-	-	46.85
"	2020. 12. 10	144	48.6	-	-	-	-	48.6

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Restricted stocks to employees - D	2020. 08. 14	905	$ 55.7	$ -	-	-	-	$55.7
"	2020. 12. 10	94	48.6	-	-	-	-	48.6
Employee stock options - H	2020. 12. 23	830	47.55	42.1	61.28%	6 ~ 7 years	0.22~ 0.26%	26.15~ 27.88
"	2021. 05. 12	315	154.5	146.4	65.02%	6 ~ 7 years	0.31~ 0.35%	89.32~ 95.02
"	2021. 08. 12	505	135.5	128.4	67.02%	6 ~ 7 years	0.32~ 0.34%	80.24~ 85.25
"	2021. 10. 01	1,185	124	117.5	65.78%	6 ~ 7 years	0.34~ 0.38%	72.39~ 76.99
Cash capital increase reserved for employee preemption	2021. 04. 06	3,211	117.5	91.5	71.79%	0.1 year	0.13%	27.51
Restricted stocks to employees - E	2021. 10. 15	613	106.5	-	-	-	-	106.5
"	2022. 01. 10	184	108.5	-	-	-	-	108.5
"	2022. 09. 08	190	118.5	-	-	-	-	118.5
Restricted stocks to employees - F	2021. 10. 15	340	106.5	-	-	-	-	106.5
Employee stock options - I	2022. 03. 22	160	93.5	93.5	62.20%	6 ~ 7 years	0.86~ 0.87%	52.85~ 56.27
"	2022. 05. 12	225	71.6	71.6	61.32%	6 ~ 7 years	1.22~ 1.27%	40.37~ 43.04
"	2022. 08. 11	685	85.9	85.9	60.04%	6 ~ 7 years	1.10~ 1.14%	47.51~ 50.67
"	2022. 09. 08	510	118.5	118.5	60.29%	6 ~ 7 years	1.19~ 1.23%	65.9~ 70.28
"	2022. 11. 08	615	103.5	103.5	60.00%	6 ~ 7 years	1.63~ 1.70%	57.97~ 61.88
Restricted stocks to employees - G	2022. 09. 08	63	118.5	-	-	-	-	118.5
"	2022. 11. 08	195	103.5	-	-	-	-	103.5

F. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31	
	2022	2021
Cash capital increase reserved for employee preemption	$ -	$ 88,335
Employee stock options	62,522	29,935
Restricted stocks to employees	92,790	35,400
	$ 155,312	$ 153,670

(17) Share capital

A. As of December 31, 2022, the Company's authorised capital was $4,000,000, consisting of 400,000 thousand shares of ordinary share (including 12 million shares reserved for employee stock options, preferred shares with warrants or convertible bonds issued by the Company), and the paid-in capital was $3,043,358 with a par value of $10 (in dollars) per share, consisting of 304,336 thousand shares. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows (unit: shares in thousands):

	2022	2021
At January 1	300,385	206,375
Cash capital increase	-	90,000
Employee stock options exercised	1,052	387
Issuance of employee restricted stock	632	953
Employee restricted stock - redeemed	(226)	(426)
Issuance of convertible bonds	2,493	3,096
At December 31	304,336	300,385

B. For the years ended December 31, 2022 and 2021, the Company issued 1,052 thousand and 387 thousand ordinary shares related to the exercise of employee share options in accordance with the employee share options plan with a par value of $10 (in dollars) per share, totalling $10,523 and $3,865, respectively.

C. For the years ended December 31, 2022 and 2021, the Company's Board of Directors resolved to repurchase and retire the employee restricted stocks because employee restricted stocks distributed to certain employees amounting to 226 thousand shares and 426 thousand shares did not meet the vesting conditions in accordance with the terms of restricted shares.

D. On December 23, 2020, the Board of Directors resolved to increase capital by issuing 35,000 thousand ordinary shares, and resolved the issuance price of $91.5 (in dollars) per share and totalling $3,202,500 on April 6, 2021. The effective date was set on May 11, 2021. The registration was completed on June 15, 2021.

E. The shareholders during their meeting on August 3, 2021 resolved to issue the 1st and 2nd restricted stocks to employees amounting to 1,000 thousand and 340 thousand shares with no subscription price, respectively. On October 1, 2021, the Board of Directors of the Company resolved to issue the 1st and 2nd restricted stocks to employees amounting to 613 thousand and 340 thousand shares in 2021, respectively, with the effective date set on October 15, 2021. On December 23, 2021, the Board of Directors of the Company resolved to issue the 1st restricted stocks to employees amounting to 184 thousand shares in 2021, with the effective date set on January 10, 2022. On September 8, 2022, the Board of Directors of the Company resolved to issue the 1st restricted stocks to employees amounting to 190 thousand shares in 2021, with the effective date set on September 8, 2022.

F. The shareholders during their stockholders' meeting on August 3, 2021 resolved to issue 55,000 thousand ordinary shares through the private placement with par value of $91.5 (in dollars) and the total consideration of issuing common stock was $5,032,500, and the effective date was set on October 15, 2021. The registration has been completed on December 13, 2021. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

G. The shareholders during their meeting on June 10, 2022, resolved to issue the 1st restricted stocks to employees amounting to 850 thousand shares with no subscription price. On September 8, 2022, the Board of Directors of the Company resolved to issue the 1st restricted stocks to employees amounting to 63 thousand shares in 2022 with the effective date set on September 8, 2022. On November 8, 2022, the Board of Directors of the Company resolved to issue the 1st restricted stocks to employees amounting to 195 thousand shares in 2022 with the effective date set on November 8, 2022.

H. The shareholders during their meeting on June 10, 2022, adopted a resolution to raise cash capital through private placement. The maximum number of shares to be issued through the private placement is 30,000 thousand shares and the private placement may be made in three installments as authorised by the shareholders during their meeting. The private placement was in accordance with the Securities and Exchange Act and the Directions for Public Companies Conducting

Private Placements of Securities. The Company's Board of Directors resolved not to execute the private placement on March 10, 2023.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(19) Accumulated deficit

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. After the provision or reversal of special reserve in accordance with laws or regulations, the appropriation of the remaining earnings along with the unappropriated earnings of prior years shall be proposed by the Board of Directors and resolved at shareholders' meetings.

B. The Company's dividend policy is summarised below: The Board of Directors would consider the earnings situation of current year, capital and financial structure, future operating needs, retained earnings and legal reserve, as well as the market competition to propose the appropriation of earnings to the shareholders during their meetings for resolution, and cash dividends shall account for at least 10% of the total dividends distributed.

C. The shareholders at their meeting on August 3, 2021 have resolved not to distributed earnings as the Company incurred operating loss. Please refer to the website of "Market Observation Post System" for information about earnings appropriation to offset deficit as proposed by the Board of Directors and resolved by the shareholders.

D. On June 10, 2022, the shareholders at their meetings resolved the deficit compensation for the year ended December 31, 2021. The Company offset the accumulated deficit by capital surplus. Refer to the website of "Market Observation Post System" for information about earnings appropriation to offset deficit as proposed by the Board of Directors and resolved by the shareholders.

E. On March 10, 2023, the Board of Directors proposed the deficit compensation for the year ended December 31, 2022. The Company offset the accumulated deficit against the capital surplus.

Refer to the website of “Market Observation Post System” for information about earnings appropriation to offset deficit as proposed by the Board of Directors and resolved by the shareholders.

E. As of December 31, 2022 and 2021, there was no earnings to be distributed.

(20) Operating revenue

	Year ended December 31	
	2022	2021
Revenue from contracts with customers	$ 1,481,017	$ 1,697,359

A. Disaggregation of revenue

The Company derives revenue from the transfer of services, authorisation and goods over time and at a point in time in the following major categories:

	Year ended December 31, 2022			
	Sales of services	Sales of authorisation and cooperative development	Sales of goods	Total
Timing of revenue recognition				
At a point in time	$ -	$ -	$ 417,774	$ 417,774
Over time	757,680	261,876	43,687	1,063,243
	$ 757,680	$ 261,876	$ 461,461	$ 1,481,017

	Year ended December 31, 2021			
	Sales of services	Sales of authorisation and cooperative development	Sales of goods	Total
Timing of revenue recognition				
At a point in time	$ -	$ -	$ 274,087	$ 274,087
Over time	864,515	496,089	62,668	1,423,272
	$ 864,515	$ 496,089	$ 336,755	$ 1,697,359

B. Contract assets and liabilities

(a) The Company has recognised the following revenue-related contract assets and liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract assets:			
Services	$ 234,399	$ 170,597	$ 133,038
Current contract liabilities			
Services	$ 104,384	$ 102,289	$ 56,201
Authorisation and cooperative	46,091	121,678	153,369
Non-current contract liabilities			
Authorisation and cooperative	-	20,059	64,232
	$ 150,475	$ 244,026	$ 273,802

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year.

Revenue recognised that was included in the contract liability balance at the beginning of the year	Year ended December 31	
	2022	2021
Services	$ 92,362	$ 55,949
Authorisation and cooperative development	101,380	126,778
	$ 193,742	$ 182,727

(C) Unfulfilled long-term contracts

Aggregate amount of the transaction price allocated to long-term technology service contracts, authorisation and cooperative development contracts that are partially or fully unsatisfied, and all of the milestone payment as at December 31, 2022 amounted to $2,119,033. The management expects to recognise the amount in the future.

C. Details on authorisation and cooperative development revenue arising from providing drug development, commercialization service and authorising intellectual property rights of pharmaceutical products to the pharmaceutical factory are as follows:

In April 2019, the Company entered into an authorisation and cooperative development contract of EG12014 with Sandoz AG. The contract includes up-front payment, milestone payment at each stage and profit-sharing royalty on sales of products in the authorised markets in proportion to the ratios specified in the contract. The contract is mainly for providing the biosimilars development and commercialisation services and authorising intellectual property rights to the customer in regions other than Taiwan and Mainland China (After the amendment of the contract in the fourth quarter of 2021, it was revised to Taiwan, China, Japan, South Korea and Russia).

As of December 31, 2022, the Company has received the aforementioned up-front payment and part of the milestone payment in accordance with the contract terms. The revenue of up-front payment and milestone payment achieved is recognised based on the satisfaction percentage during research and development period. If the drug was successfully launched, the supply price base on the supply terms and quantities, and the profit-sharing royalty calculated based on sales could also be collected. For the years ended December 31, 2022 and 2021, the Company recognised the revenue from authorisation and cooperative development contract amounting to $261,876 and $496,089, respectively.

The European Medicines Agency and the US Food and Drug Administration accepted the Sandoz AG's application for marketing review in January 2022 and February 2022, respectively. Sandoz AG received a complete response letter from the US Food and Drug Administration in December 2022. Within the complete response letter (CRL):

A. There were no clinical or safety or biosimilarity deficiencies cited in the CRL.

B. The CRL cites certain drug product deficiencies related to the manufacturing facility identified by the agency during a pre-license inspection of the site.

In January 2023, the Company received an EIR (Establishment Inspection Report) from the US Food and Drug Administration, which indicated that the Company's Zhubei plant had passed the US FDA's pre-marketing drug inspection. Sandoz is in close contact with the FDA to meet the satisfactory resolution of the FDA observations in a timely manner and plans a BLA resubmission in due course.

(21) Interest income

	Year ended December 31	
	2022	2021
Interest income from bank deposits	$ 57,862	$ 8,764
Interest income from financial assets measured at amortised cost	1,722	1,260
Other interest income	-	342
	$ 59,584	$ 10,366

(22) Other income

	Year ended December 31	
	2022	2021
Government grant revenues	$ 37,214	$ 37,022
Other income	430	3,173
	$ 37,644	$ 40,195

The Company received a grant for the ‘Breast Cancer Targeted Antibody similar to EG12014 Trastuzumab Biosimilar phase III clinical trial program’ from Ministry of Economic Affairs (MOEA). The program execution period is from November 1, 2019 to June 30, 2023 and the limit on total grant amounted to $80,000. For the years ended December 31, 2022 and 2021, the Company recognised government grants revenue of $36,994 and $36,861, respectively.

(23) Other gains and losses

	Year ended December 31	
	2022	2021
Loss on lease modification	($ 709)	$ -
Foreign exchange gains (losses)	126,788	(9,658)
Gains on financial assets at fair value through profit or loss	2,863	1,937
Miscellaneous disbursements	(24)	(4,545)
Loss on redemption of convertible bonds	(3)	-
	$ 128,915	($ 12,266)

(24) Finance costs

	Year ended December 31	
	2022	2021
Interest expense on bank borrowings	$ 1,205	$ 11,267
Interest expense on lease liabilities	8,204	7,723
Other interest expense	226	2,126
Interest expense	$ 9,635	$ 21,116

(25) Employee benefits, depreciation and amortisation expenses

Function / Nature	Year ended December 31, 2022			Year ended December 31, 2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Wages and salaries	$ 147,873	$ 185,966	$ 333,839	$ 112,754	$ 143,592	$ 256,346
Share based payment	60,275	95,037	155,312	44,609	109,061	153,670
Labour and health insurance fees	13,771	16,809	30,580	9,421	12,221	21,642
Pension costs	7,427	8,624	16,051	5,522	6,069	11,591
Directors' remuneration	-	3,948	3,948	-	3,235	3,235
Other personnel expenses	5,557	13,245	18,802	3,761	7,983	11,744
Depreciation expense	99,536	88,451	187,987	80,216	86,356	166,572
Amortisation expense	10,456	5,728	16,184	9,271	7,033	16,304

A. In accordance with to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 1% to 5% for employees' compensation and shall not be higher than 3% for directors' remuneration.

B. No employees' compensation and directors' remuneration was accrued due to the net loss incurred for the years ended December 31, 2022 and 2021.

C. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors and resolved at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income taxes

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	$ -	$ -
Deferred tax:		
Origination and reversal of temporary differences	338	189
Income tax expense	$ 338	$ 189

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2022	2021
Currency translation differences	$ -	$ 19

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2022	2021
Tax calculated based on loss before tax and statutory tax rate	($ 23,040)	($ 8,478)
Expenses disallowed by tax regulation	49	3
Tax exempt income by tax regulation	(3,099)	(387)
Taxable losses not recognised as deferred tax assets	26,428	7,636
Temporary differences not recognised as deferred tax assets	-	1,415
Income tax expenses	$ 338	$ 189

C. Amounts of deferred tax assets or liabilities as a result of temporary differences:

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
－Deferred tax assets:				
Share of profit (loss) of associates and subsidiaries accounted for using the equity method, net differences	$ 536	$ 338	$ -	$ 874

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
－Deferred tax assets:				
Share of profit (loss) of associates and subsidiaries accounted for using the equity method, net differences	$ 347	$ 189	$ -	$ 536
Currency translation differences	19	-	(19)	-
	$ 366	$ 189	($ 19)	$ 536

D. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

December 31, 2022			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	$ 887,160	$ 887,160	Note

December 31, 2021					
Qualifying items	Unused tax credits		Unrecognised deferred tax assets		Expiry year
Research and development	$	686,981	$	686,981	Note

Note: The Company was entitled to the incentives conferred under the Biotech and New Pharmaceutical Development Act following the Company's incorporation as a biotech pharmaceutical company pursuant to the Letter No. Jing-Shou-Gong-Zi-10920401340 issued by the MOEA on February 3, 2020. The incentive measures are valid for five years beginning on the next date of the issuance of MOEA's Letter. The investment tax credit can be first used to offset expenditure on research and development and staff training when there is taxable business income. Any unused tax credit is available for the following four years. As of December 31, 2022, the Company has no profit-seeking enterprise income tax.

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022						
Year incurred	Amount filed/ assessed	Unused amount		Unrecognised deferred tax assets		Expiry year
2013	Amount assessed	$	104,540	$	104,540	2023
2014	Amount assessed		131,762		131,762	2024
2015	Amount assessed		133,257		133,257	2025
2016	Amount assessed		109,737		109,737	2026
2017	Amount assessed		163,949		163,949	2027
2018	Amount assessed		371,827		371,827	2028
2019	Amount assessed		858,819		858,819	2029
2020	Amount assessed		1,009,168		1,009,168	2030
2021	Amount filed		56,144		56,144	2031
2022	Amount expected		132,140		132,140	2032
		$	3,071,343	$	3,071,343	

December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2013	Amount assessed	$ 104,540	$ 104,540	2023
2014	Amount assessed	131,762	131,762	2024
2015	Amount assessed	133,257	133,257	2025
2016	Amount assessed	109,737	109,737	2026
2017	Amount assessed	163,949	163,949	2027
2018	Amount assessed	371,827	371,827	2028
2019	Amount assessed	858,819	858,819	2029
2020	Amount filed	1,009,168	1,009,168	2030
2021	Amount expected	38,184	38,184	2031
		$ 2,921,243	$ 2,921,243	

F. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 16,138	$ 28,768

G. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(27) Loss per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss for the year	($ 115,540)	303,258	($ 0.38)

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss for the year	($ 42,581)	242,662	($ 0.18)

Diluted loss per share would not be calculated as the Company had loss for the years ended December 31, 2022 and 2021.

(28) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Year ended December 31 2022	Year ended December 31 2021
Purchase of property, plant and equipment	$ 484,268	$ 169,706
Add: Opening balance of other payables	19,508	15,729
Less: Ending balance of other payables	(158,228)	(19,508)
Cash paid during the year	$ 345,548	$ 165,927

B. Financing activities with no cash flow effects:

	Year ended December 31 2022	Year ended December 31 2021
Conversion of convertible bonds	$ 126,375	$ 165,395

(29) Changes in liabilities from financing activities

2022	Long-term borrowings	Lease liability	Bonds payable (including current portion)	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ -	$ 306,765	$ 127,070	$ -	$ 433,835
Changes in cash flow from financing activities	120,460	(23,657)	(200)	294	96,897
Changes in right-of-use assets	-	54,767	-	-	54,767
Changes in other non-cash items	-	709	(126,870)	-	(126,161)
At December 31	$ 120,460	$ 338,584	$ -	$ 294	$ 459,338

	2021			
	Long-term borrowings (including current portion)	Lease liability	Bonds payable	Liabilities from financing activities-gross
At January 1	$ 716,701	$ 321,550	$ 291,985	$ 1,330,236
Changes in cash flow from financing activities	(718,014)	(17,734)	-	(735,748)
Changes in right-of-use assets	-	2,949	-	2,949
Changes in other non-cash items	1,313	-	(164,915)	(163,602)
At December 31	$ -	$ 306,765	$ 127,070	$ 433,835

7. Related Party Transactions

(1) Parent and ultimate controlling party

The Company has no ultimate parent company and ultimate controlling party.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
EirGenix Europe GmbH	Subsidiary
FORMOSA LABORATORIES, INC.	Other related party
Development Center for Biotechnology (DCB)(Note 1)	〃
FORMOSA PHARMACEUTICALS, INC.	〃
TFBS Bioscience Inc.(Note 2)	〃

Note 1: DCB term expired as a director after re-election of directors at the Company's shareholders' meeting on June 10, 2022. (The transaction amounts from January1, 2022 to June 10, 2022 and from January 1, 2021 to December 31, 2021 are disclosed in the financial statements.)1

Note 2: Since the Company was elected as one of the directors of TFBS Bioscience, Inc. on June 8, 2022. (The transaction amounts from June 8, 2022 to December 31, 2022 are disclosed in the financial statements.)

(3) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2022	2021
Sales of goods:		
Other related parties	$ 12,850	$ 2,240
Sales of services:		
Other related parties	5,622	6,504
	$ 18,472	$ 8,744

(a) No similar transaction can be compared with for the sales of service. Prices and terms are determined based on mutual agreements.

(b) On December 31, 2022 and 2021, the Company has recognised the revenue-related contract assets amounting to $744 and $974, and contract liabilities amounting to $620 and $929, respectively.

B. Service expense (shown as 'sales and marketing expense' and 'research and development expense')

	Year ended December 31	
	2022	2021
Subsidiary	$ 66,663	$ 52,370
Other related parties	17,651	5,559
	$ 84,314	$ 57,929

It refers to service expense that the Company commissioned its subsidiaries and other related parties to perform biopharmaceutical research and development as well as business development. Prices and terms are determined based on mutual agreements.

C. Testing expense (shown as 'operating costs')

	Year ended December 31	
	2022	2021
Other related parties	$ 17,612	$ -

D. Other expenses (shown as 'administrative expenses')

	Year ended December 31	
	2022	2021
Other related parties	$ 2,463	$ 4,729

It refers to repair and maintenance fees, based on the price specified in the contract as mutually agreed, allocated from leasing plant and lab from DCB, and the expense shall be paid before the 25th day of the first month of each quarter as specified in the contract.

E. Receivables from related parties:

	December 31, 2022	December 31, 2021
Accounts receivable:		
Other related parties	$ -	$ 546

F. Payables to related parties

	December 31, 2022	December 31, 2021
Other payables:		
Subsidiary	$ 8,665	$ 5,101
Other related parties	7,732	5,695
	$ 16,397	$ 10,796

The abovementioned balances of $1,551 on December 31, 2021, refer to the utilities payables to DCB which made payments on behalf of the Company.

G. Property transactions

(a) Acquisition of property, plant and equipment:

	Year ended December 31	
	2022	2021
Other related parties	$ -	$ 190

(b) Acquisition of financial assets:

		Year ended December 31	
		2022	2021
	Accounts	Consideration	Consideration
Other related party	Non-current financial assets at fair value through profit or loss	$ 58,390	$ -
"	Non-current financial assets at fair value through other comprehensive income	$ 40,627	$ -

Refer to Note 6(2) B. and Note 6(7) B. for details of the transactions relating to the Company's acquisition of assets from related parties.

H. Lease transactions - lessee

(a) The Company leases plant, laboratory, instrument and equipment from DCB. Rental contract period is expected to be 20 years with initial rental period of 5 years plus the extension options. Rents are paid before the 25th day of the first month of each quarter.

(b) Right-of-use assets

	December 31, 2021	
	Carrying amount	
Land	$	64,558
Buildings		80,222
Machinery and equipment		37,359
	$	182,139

As of December 31, 2022, DCB was no longer a related party, and therefore the carrying amount of its related right-of-use assets was not disclosed.

	Year ended December 31			
	2022		2021	
	Depreciation expense		Depreciation expense	
Land	$	3,061	$	4,193
Buildings		2,279		5,229
Machinery and equipment		1,022		2,299
	$	6,362	$	11,721

(c) Lease liabilities

i.Outstanding balance

	December 31, 2021	
Other related party - DCB	$	187,803

As of December 31, 2022, DCB was no longer a related party, and therefore the carrying amount of its related lease liabilities was not disclosed.

ii.Interest expense

	Year ended December 31			
	2022		2021	
Other related party - DCB	$	2,185	$	4,747

(d) Rent expense (shown as ‘operating cost’ and ‘operating expenses’)

	Year ended December 31			
	2022		2021	
Other related party - DCB	$	505	$	3,603

Note: As of December 31, 2021, guarantee deposits paid (shown as other non-current assets, others) amounted to $2,962.

(4) Key management compensation

	Year ended December 31	
	2022	2021
Salaries and other short-term employee benefits	$ 24,790	$ 29,798
Post-employment benefits	309	518
Share based payment	30,244	15,338
	$ 55,343	$ 45,654

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2022	December 31, 2021	Purpose
Pledged demand deposits (shown as current other financial assets)	$ -	$ 27,334	Note 1
Pledged time deposits (shown as non-current financial assets at amortised cost)	$ 8,671	$ 8,588	Note 2
Guarantee deposits paid (shown as other non-current assets, others)	$ 65,048	$ 64,270	Note 3
Property, plant and equipment	$ 1,158,399	$ 1,315,911	Note 4

Note 1:It refers to short-term borrowings limit.

Note 2:It refers to guarantee for lease of land.

Note 3:It refers to deposits for research commissioned contract, equipment and office, guarantee for gas meter as well as certificates of deposit for customs post-release duty payment.

Note 4: It refers to long-term borrowings limit. In April 2022, the Company terminated the syndicated loan agreement with 6 financial institutions including Taiwan Business Bank. However, the guarantee for the pledged buildings has not yet been released.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. As of December 31, 2022 and 2021, the remaining payments contracted for research commissioned contracts at the balance sheet date but not yet incurred amounted to $105,637 and $236,146, respectively.

B. As of December 31, 2022 and 2021, the remaining payments contracted for equipment purchase and plant design at the balance sheet date but not yet incurred amounted to $815,285 and $976,461, respectively.

C. In September 2020, the Company formed a collaboration with Antaimmu BioMed Co., Ltd. and Panion & BF Biotech Inc. to develop large-scale manufacture of the Vstrip® COVID-19 Antigen Rapid Test. Those three companies could develop markets individually after the joint agreement on the national distribution rights of product is reached among them based on the contract structure, and the profit-sharing royalty shall be calculated in proportion to the ratios specified in the contract. This contract had expired and was terminated on December 31, 2021. However, the sale of products can be continued and no relevant profit-sharing royalty is required to be paid.

D. Refer to Note 6(2) B. and Note 6(7) B. for details of the transactions relating to the Company's acquisition of assets from related parties.

E. The Company entered into a long-term consignment contract with a supplier to ensure the future supply of goods and pay the guarantee amounting to $30,000. As of December 31, 2022, the aforementioned amount was shown as other non-current assets, others of $30,000.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

1. On March 10, 2023, the Board of Directors resolved to newly grant 1,105 thousand shares of stock options to employees for the year ended December 31, 2022. The issuance of employee stock options are in accordance with the terms of employee stock options.
2. The Board of Directors on March 10, 2023 resolved to issue the 1st and 2nd restricted stocks to employees amounting to 805 thousand and 870 thousand shares with no subscription price, respectively, which has not yet been resolved by the shareholders as of March 10, 2023.
3. The Board of Directors on March 10, 2023 resolved to raise additional cash through private placement. The maximum number of shares to be issued through the private placement is 30,000 thousand, and the private placement can be completed in three instalments after the authorization by shareholders. However, the issuance has not been resolved at the shareholders' meeting as of March 10, 2023.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss on initial recognition	$ 61,420	$ 891
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 279,325	$ 11,607
Financial assets at amortised cost		
Cash and cash equivalents	$ 6,108,994	$ 6,619,427
Financial assets at amortised cost	1,041,123	1,645,228
Notes receivable	-	1,139
Accounts receivable	32,782	78,474
Accounts receivable - related parties	-	546
Other receivables	24,944	6,818
Guarantee deposits paid (shown as other non-current assets, others)	65,048	64,270
Other non-current financial assets	-	27,334
	$ 7,272,891	$ 8,443,236

		December 31, 2022		December 31, 2021
Financial liabilities				
Financial liabilities at amortised cost				
Accounts payable	$	134,607	$	86,456
Other payables		384,682		226,655
Other payables-related parties		16,397		10,796
Bonds payable(including current portion)		-		127,070
Long-term borrowings		120,460		-
Guarantee deposits received (shown as other non-current liabilities)		294		-
	$	656,440	$	450,977
Lease liability	$	338,584	$	306,765

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Exchange rate risk

(i) The Company operates internationally and is exposed to exchange risk arising from various currency exposures, primarily with respect to the USD, GBP , EUR, and JPY. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

(ii) Management has set up a policy to require Company units to manage their foreign exchange risk against their functional currency. The units are required to hedge their entire foreign exchange risk exposure with the Company treasury.

(iii) The Company's businesses involve some non-functional currency operations (the

Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD:NTD	$ 44,053	30.71	$ 1,352,868
EUR:NTD	191	32.72	6,250
GBP:NTD	110	37.09	4,080
JPY:NTD	8,476	0.23	1,949
Financial liabilities			
Monetary items			
USD:NTD	$ 708	30.71	$ 21,743
EUR:NTD	1,048	32.72	34,291
GBP:NTD	30	37.09	1,113

	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD:NTD	$ 41,576	27.68	$ 1,150,824
EUR:NTD	1,097	31.32	34,358
JPY:NTD	1,510	0.24	362
Financial liabilities			
Monetary items			
USD:NTD	$ 752	27.68	$ 20,815
EUR:NTD	1,516	31.32	47,481
GBP:NTD	55	37.30	2,052
JPY:NTD	735	0.24	176

(iv) Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 13,529	$ -
EUR:NTD	1%	8	55
GBP:NTD	1%	41	
JPY:NTD	1%	19	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 217	$ -
EUR:NTD	1%	343	-
GBP:NTD	1%	11	-

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 11,508	$ -
EUR:NTD	1%	344	-
JPY:NTD	1%	4	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 208	$ -
EUR:NTD	1%	475	-
GBP:NTD	1%	21	-
JPY:NTD	1%	2	-

(v) The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to $126,788 and ($9,658), respectively.

ii. Price risk

(i) The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

(ii) The Company's investments in equity securities comprise. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by $2,793 and $116, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

iii. Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. During 2022 and 2021, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

iv. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Company classifies customers' accounts receivable, and contract assets in accordance with customer types. The Company applies the modified approach using individual provision to estimate expected credit loss.

vii. The Company's notes and accounts receivable were generated from the customers who have optimal credit rating, and the expected credit loss rate is 0.03% after using the forecastability of future boom. As of December 31, 2022 and 2021, the carrying amount of notes and accounts receivable (including related parties) amounted to $32,782 and $80,159, respectively. Although some accounts receivable were past due over 90 days, the expected credit risk is insignificant based on individual assessment, thus, loss allowance amounted to $297 and $689, respectively. The counterparties of time deposits over 3 months are financial institutions all with high credit quality and the expected credit risk is insignificant based on the assessment, thus, no loss allowance was recognised.

viii. Movements in loss allowance for accounts receivable are as follows:

	Year ended December 31	
	2022	2021
At January 1	$ 689	$ -
Provision for impairment	-	689
Reversal of impairment loss	(392)	-
At December 31	$ 297	$ 689

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating units of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii. The Company has the following undrawn borrowing facilities:

	December 31, 2022	December 31, 2021
Floating rate:		
Expiring within one year	$ 1,020,000	$ 880,000
Expiring beyond one year	593,540	995,800
	$ 1,613,540	$ 1,875,800

iv. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2022	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Non-derivative financial liabilities				
Accounts payable	$ 134,607	$ -	$ -	$ 134,607
Other payables	384,682	-	-	384,682
Other payables-related parties	16,397	-	-	16,397
Lease liability	34,828	115,926	247,968	398,722
Long-term borrowings	2,216	125,265	-	127,481
Guarantee deposits received (shown as other non-current liabilities)	294	-	-	294

December 31, 2021	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Non-derivative financial liabilities				
Accounts payable	$ 86,456	$ -	$ -	$ 86,456
Other payables	226,655	-	-	226,655
Other payables-related parties	10,796	-	-	10,796
Lease liability	25,776	95,725	247,236	368,737
Bonds payable (including current portion)	127,070	-	-	127,070

v. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market refers to a market in which transactions for an asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market and the call options and put options embedded in convertible bonds issued by the Company are included in Level 3.

B. Financial instruments not measured at fair value

Except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid (shown as other non-current assets, others), other non-current financial assets, accounts payable, other payables (including related parties), bonds payable (including current portion), long-term borrowings(including current portion), guarantee deposits received(shown as other non-current liabilities) and lease liabilities are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Profit-sharing investments in new drug development	$ -	$ -	$ 61,420	$ 61,420
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	279,325	279,325
	$ -	$ -	$ 340,745	$ 340,745

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Call options and Put options of convertible bonds	$ -	$ -	$ 891	$ 891
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	11,607	11,607
	$ -	$ -	$ 12,498	$ 12,498

(b) The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods.

D. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	2022			
	Derivative instruments	Equity instruments	Profit-sharing investments in new drug development	Total
At January 1	$ 891	$ 11,607	$ -	$ 12,498
Additions		208,627	58,390	267,017
Conversions of convertible bonds	(723)	-	-	(723)
Gains or losses recognised in profit or loss shown as other gains and losses				
Gains (losses) on valuation	(167)	-	3,030	2,863
Gains and losses recognised in other comprehensive income				
Gains (losses) on valuation	-	59,091	-	59,091
Settled during the year	(1)	-	-	(1)
At December 31	$ -	$ 279,325	$ 61,420	$ 340,745

	2021		
	Derivative instruments	Equity instruments	Total
At January 1	$ 600	$ 5,956	$ 6,556
Conversions of convertible bonds	(1,646)	-	(1,646)
Gains or losses recognised in profit or loss shown as other gains and losses			
Gains (losses) on valuation	1,937	-	1,937
Gains and losses recognised in other comprehensive income			
Gains (losses) on valuation	-	5,651	5,651
At December 31	$ 891	$ 11,607	$ 12,498

E. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

F. Appointed external appraiser is in charge of valuation procedures for fair value measurements being categorised within Level 3, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 6,207	Price-Book Ratio	Price-to-book ratio	1.54-8.46 (3.05)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30% (30%)	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	273,118	Price-Book Ratio	Price-to-book ratio	2.01-2.54 (2.19)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30% (30%)	The higher the discount for lack of marketability, the lower the fair value
Profit-sharing investments in new drug development	61,420	Royalty relief method of income approach	Discount rate	24.58%	The higher the discount rate, the lower the fair value
			Market share	1.0%~5.4%	The higher the market share, the higher the fair value

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 11,607	Price-Book Ratio	Price-to-book ratio	2.23-8.93 (3.41)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30% (30%)	The higher the discount for lack of marketability, the lower the fair value
Hybrid instrument:					
Call options and Put options of convertible bonds	891	The Binomial-Tree approach	Stock price volatility	68.35% (68.35%)	The higher the stock price volatility, the higher the fair value

H. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Profit-sharing investments in new drug development	Discount rate Market share	±5%	$ 3,071	($ 3,071)	$ -	$ -
Unlisted shares	Price-Book Ratio	±5%	-	-	13,966	(13,966)
	Lack of marketability	±5%	-	-	13,966	(13,966)
			$ 3,071	($ 3,071)	$ 27,932	($ 27,932)

			December 31, 2021			
			Recognised in profit or loss		Recognised in other	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Call options and Put options of convertible bonds	Stock price volatility	±5%	$ 150	($ 130)	$ -	$ -
Unlisted shares	Price-Book Ratio	±5%	-	-	580	(580)
	Lack of marketability	±5%	-	-	580	(580)
			$ 150	($ 130)	$ 1,160	($ 1,160)

(4) Others

The Company's operations were working normally during the Covid-19 outbreak and were implementing the government's epidemic prevention measures. The Company assessed that there was no significant impact on the Company's ability to continue as a going concern, asset impairment and financing risks.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others : None.

B. Provision of endorsements and guarantees to others : None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company's paid-in capital : None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 2.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 3.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Major shareholders information: Please refer to table 4.

14. Segment Information

None.

EirGenix Inc.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2022				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership	Fair value	Footnote
EirGenix Inc.	Oncomatryx Biopharma S.L. common stock	None	Non-current financial assets at fair value through other comprehensive	30,665	$ 6,207	0.37%	$ 6,207	
"	TFBS Bioscience, Inc. common stock	"	"	4,752,361	273,118	14.35%	273,118	

EirGenix Inc.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	EirGenix Inc.	EirGenix Europe GmbH	(1)	Operating expense	$ 66,663	Note 4	4.50%
0	EirGenix Inc.	EirGenix Europe GmbH	(1)	Other payables	8,665	Note 4	0.07%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not req for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Prices and terms for services are based on the mutual agreement and payments are collected quarterly in advance.

Note 5: Transactions between the parent company and subsidiaries are eliminated.

Note 6: Individual amounts less than $1,000 are not disclosed.

EirGenix Inc.
Information on investees
Year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2022					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
EirGenix Inc.	EirGenix Europe GmbH	Germany	Biopharmaceutical research and development as well as business development	$ 845	$ 845	-	100.00	$ 5,200	$ 1,690	$ 1,690	None

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EirGenix Inc.

Major shareholders information

December 31, 2022

Table 4

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Foxconn Te Chnology Co., Ltd	27,500,000	9.03
Yonglin Capital Holding Co., Ltd.	26,500,000	8.70
Formosa Laboratories, Inc.	18,582,818	6.10
National Development Fund, Executive Yuan	15,288,860	5.02

EIRGENIX INC.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Description	Amount
Cash on hand and petty cash		$ 61
Demand deposit- Deposit of NTD		624,832
Demand deposit- Deposit of foreign currency	USD 3,491 thousand Exchange rate 30.71	107,205
	EUR 110 thousand Exchange rate 37.09	4,088
	JPY 8,476 thousand Exchange rate 0.23	1,970
	Others	787
Time deposits- Deposit of NTD		4,200,000
Time deposits- Deposit of foreign currency	USD 38,100 thousand Exchange rate 30.71	1,170,051
		$ 6,108,994

The above mentioned time deposits are all maturing in three months with interest rate of 0.87%~4.80%.

EIRGENIX INC.
STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST -CURRENT
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 2

Name	Description	Amount of certificate of deposit	Rates	Carrying Amount	Note
Far Eastern International Bank	2022/12/28~2023/5/28	1	1.50%	$ 1,000,000	

EIRGENIX INC.
STATEMENT OF INVENTORIES
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 3

Item	Amount: Cost	Amount: Net Realizable Value	Note
Raw material	$ 377,424	$ 382,269	Net realisable value is based on the market value
Work in progress	281,739	1,356,395	
Finished goods	98,150	439,537	
Merchandise inventory	477	1,214	
	757,790	$ 2,179,415	
Less：Allowance for Inventory Valuation and Obsolescence Losses	(18,327)		
	$ 739,463		

EIRGENIX INC.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 4

Item	Balance at January 1	Increase	Decrease	Balance at December 31	Note
Cost：					
Land	$ 208,636	$ 42,493	$ -	$ 251,129	
Buildings	95,671	11,330	-	107,001	
Machinery and equipment	44,426	256	-	44,682	
Transportation equipment	6,664	-	(546)	6,118	
Office equipment	1,764	688	-	2,452	
	357,161	54,767	(546)	411,382	
Accumulated depreciation：					
Land	($ 34,191)	($ 14,543)	$ -	($ 48,734)	
Buildings	(15,449)	(7,521)	-	(22,970)	
Machinery and equipment	(7,067)	(2,310)	-	(9,377)	
Transportation equipment	(2,441)	(1,640)	546	(3,535)	
Office equipment	(1,040)	(396)	-	(1,436)	
	(60,188)	(26,410)	546	(86,052)	
Total	$ 296,973	$ 28,357	$ -	$ 325,330	

EIRGENIX INC.
STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 5

Item	Description	Lease term	Discounted rate	Ending Balance	Note
Land	Plant and office land for business use	2013.04~2036.11	1.2%~2.4842%	$ 210,494	
Buildings	Plant and office for business use	2013.04~2028.12	1.2%~2.4842%	87,559	
Machinery and equipment	Machinery and equipment in cGMP plant	2013.04~2028.03	1.7%~2.4842%	36,596	
Transportation equipment	Passenger cars, electric trailers and stackers	2019.04~2024.12	1.797%~2.4842%	2,800	
Office equipment	Multifunction printers	2019.01~2027.09	1.7%~2.4842%	1,135	
				$ 338,584	

EIRGENIX INC.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 6

Item	Description	Total
Raw materials at January 1		$ 338,034
Add: Raw materials purchased at current period		527,318
Less: Raw materials at December 31		(377,424)
Raw material deficit		(34)
Raw materials reclassified to merchandise inventory		(133,189)
Reclassified to research and development expenses		(40,230)
Labor cost used for the year		(134,440)
Raw materials at current period		180,035
Direct labor		10,281
Manufacturing expense		115,367
Manufacturing cost		305,683
Add: Beginning work in progress		52,374
Processing cost		8,190
Less: Ending work in progress		(281,739)
Cost of finished goods		84,508
Add: beginning finished goods		37,569
Less: ending finished goods		(98,150)
Reclassified to research and development expenses		(23,028)
Cost of goods manufactured and sold		899
Merchandise inventory at January 1		3,050
Add: Purchase at current period		3,114
Raw materials reclassified to merchandise inventory		133,189
Property, plant and equipment reclassified to merchandise inventory		1,726
Less: Merchandise inventory at December 31		(477)
Reclassified to research and development expenses		(1,930)
Cost of goods sold for the merchandise inventory		138,672
Other operating costs		583,948
Loss on physical inventory		34
Loss on decline in market value of inventory		1,012
Operating costs		$ 724,565

EIRGENIX INC.
STATEMENT OF MANUFACTURING EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 7

Item	Amount	Note
Depreciation expense	$ 32,810	
Consumables	13,822	
Repair and maintenance expense	11,576	
Service fees	8,535	
Utilities expenses	6,547	
Other expenses	42,077	Each of the account was less than 5% of the total account balance.
	$ 115,367	

EIRGENIX INC.
STATEMENT OF OTHER OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 8

Item	Amount	Note
Wages and salaries	$ 197,867	
Raw materials used	134,440	
Depreciation expense	66,726	
Consumables	46,092	
Inspection fees	46,610	
Repair and maintenance expense	32,461	
Other Expenses	59,752	Each of the account was less than 5% of the total account balance.
	$ 583,948	

EIRGENIX INC.
STATEMENT OF SALES AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 9

Item	Amount		Note
Wages and salaries	$	34,032	
Service fees		5,825	
Advertisement expense		4,218	
Other expenses		7,055	Each of the account was less than 5% of the total account balance.
	$	51,130	

EIRGENIX INC.
STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 10

Item	Amount		Note
Wages and salaries	$	126,007	
Depreciation expense		24,878	
Other expenses		85,790	Each of the account was less than 5% of the total account balance.
	$	236,675	

EIRGENIX INC.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 11

Item	Amount	Note
Service fees	$ 368,204	
Wages and salaries	120,964	
Consumables	163,223	
Depreciation expense	62,956	
Other expenses	87,092	Each of the account was less than 5% of the total account balance.
	$ 802,439	

EIRGENIX INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 12

Function / Nature	Year ended December 31, 2022			Year ended December 31, 2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	$ 147,873	$ 185,966	$ 333,839	$ 112,754	$ 143,592	$ 256,346
Share based payment	60,275	95,037	155,312	44,609	109,061	153,670
Labour and health insurance fees	13,771	16,809	30,580	9,421	12,221	21,642
Pension costs	7,427	8,624	16,051	5,522	6,069	11,591
Directors' remuneration	-	3,948	3,948	-	3,235	3,235
Other personnel expenses	5,557	13,245	18,802	3,761	7,983	11,744
Depreciation Expense	99,536	88,451	187,987	80,216	86,356	166,572
Amortisation Expense	10,456	5,728	16,184	9,271	7,033	16,304

Note:

A. As at December 31, 2022 and 2021, the Company had 369 and 270 employees, both including 9 non-employee directors.

B. The Company’s stock is listed for trading on the over-the-counter securities exchange and shall additionally disclose the following information:

(a) Average employee benefit expense was $1,541 and $1,743 for the years ended December 31, 2022 and 2021, respectively.

(b) Average employee salaries were $1,359 and $1,571 for the years ended December 31, 2022 and 2021, respectively.

(c) Adjustment of average employee salaries was (13.49%).The average salary for the year was decreased because most of the new employees were general employees and the part-time employees were also increased.

(d) The Company has no supervisors’ remuneration as it set up the audit committees.

C. The Company' salary and compensation policy:

(a) Directors

In accordance with the Articles of Incorporation of the Company, the Board of Directors shall propose a ratio not higher than 3% of distributable profit of directors' remuneration, and the distribution shall be approved by a resolution adopted by a majority vote at a meeting and the distribution shall be approved by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and shall be reported to the shareholders during their meeting. If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated based on the abovementioned ratios.

The Company did not distribute directors' remuneration in the previous two years. The directors only receive the transportation allowance for the professional practice execution, while the independent directors additionally receive the fixed remuneration for the professional practice execution. The rest of the director's emolument is the salary expenses of the director who concurrently acts as an employee. The above directors’ transportation allowance and the independent directors' remuneration for the professional practice execution have been reviewed by the Company’s remuneration committee and approved by the Board of Directors.

EIRGENIX INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 12

(b) The president and vice presidents

The remuneration for the president and vice presidents is the employeess' compensation distributed from retained earnings. In accordance with the Articles of Incorporation of the Company, a ratio of 1% to 5% of distributable profit of the current year shall be distributed as employees' compensation, which shall be distributed in the form of shares or in cash. Qualification requirements of employees include the employees of subsidiaries of the company meeting certain specific requirements. Distribution of employees' compensation shall be approved by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors and shall be reported to the shareholders during their meeting. If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated based on the abovementioned ratios.

The emolument of the president and vice presidents of the Company shall be determined according to the position, contribution to the Company and by reference to the general pay levels of the industry, and shall be reviewed by the remuneration committee and approved by the Board of Directors. The Company did not distribute employee compensation in the previous two years.

(c) Employees:

The salary and compensation package of the Company's employees consists of three parts: basic fixed salary, bonus and welfare; the payment standard: the basic fixed salary is determined based on the time devoted in and the responsibilities undertaken for the position, and by reference to the salary situation in the industry; bonus is awarded based on the achievement of employee and department goals as well as the Company's operation performance; the welfare system stipulates the benefits that employees can enjoy according to law and regulation and takes into account the needs of employees. Employee reward system is based on the individual performance, contribution to the Company and the market value of the position, which are positively associated with the operation performance. In accordance with the Articles of Incorporation of the Company, a ratio of 1% to 5% of distributable profit of the current year shall be distributed as employees' compensation, which shall be distributed in the form of shares or in cash. Qualification requirements of employees include the employees of subsidiaries of the company meeting certain specific requirements.